

GREATER **Jamaica** Development CORPORATION

Federal Reserve Bank of New York

**Public Meeting
on
Travelers Group Inc. Acquisition of Citibank
June 26, 1998**

**Statement
F. Carlisle Towery
President
Greater Jamaica Development Corporation**

Greater Jamaica Development Corporation (GJDC) is a private, not-for-profit local development organization whose mission is to encourage and facilitate the economic recovery and revitalization of downtown Jamaica and its environs.

GJDC was formed in 1967 by business, civic and community leaders -- including commercial banks -- and has worked since that time in close partnership with all sectors to carry out the plan to transform Jamaica's older downtown into a modern center of business, commercial and industrial employment, higher education, the arts, transportation and housing improvements. This plan was prepared by Regional Plan Association, City government, and local leaders to service some half-million residents who live in 21 neighborhoods around this downtown.

We appreciate this opportunity. We are, after all, end-users of financial institution products and our community is the beneficiary when these products are shaped and tailored and prioritized to enable community development and to capacitate its practitioners.

My comments are to emphasize the involvement and support we have received from Citibank over the 31 years of our economic development and community reinvestment work in Jamaica. This community -- working to recover from a ten-year period, 1975 to 1985, of severe economic trauma, uncertainty and a general loss of public confidence -- has benefited significantly from Citibank's good works. It is not an overstatement to characterize the good works of this good corporate citizen as exemplary.

Citibank has provided strong and on-going leadership for Greater Jamaica Development Corporation's efforts, serving consistently on our Board with able senior representation which has been exceptionally active and involved. Citibank's contributions to our Board's activities have included a high level of intelligence and interest in our general governance, sponsorship of retreats, meetings and special events, chairs of committees,

provision of in-kind services – including a loaned executive for two years who helped us establish a special Revolving Loan Fund – advocacy with government, and financial contributions at leadership levels toward our general operations and for special projects.

Citibank has participated in the provision of local small business loans through our revolving loan fund, which is capitalized by the U.S. Economic Development Administration, NYS Empire State Development and the City of New York's Department of Business Services using federal Community Development Block Grant Funds. Citibank provided us with a mortgage loan for improving and refinancing our headquarter office building. Citibank has provided operating support, along with Board or other leadership, for three of our associated or affiliate organizations – Jamaica Arts Center, King Manor Museum and Jamaica Business Resource Center. Through their pioneering "Culture Builds Community" program and participation in the Arts Forward Fund, Citibank helped launch an arts initiative here called Cultural Collaborative Jamaica, and continues to support CCJ. They have provided leadership and support for York College, another key project for Jamaica in which we were instrumental.

Working with Citibank's people is inevitably a productive process for us. They are thoroughly professional, responsive and responsible, and eager to facilitate results -- to get things done. Their personal and corporate involvement in Jamaica have been material in the success of this community's revitalization. We were pleased with the new Citigroup's pledge of substantial resources for continued community development and with their assurances of a continued high level of involvement following the proposed acquisition.

As a long-term practitioner of local economic development – working in the trenches on the front-line, if you will – let me respectfully raise some matters and questions for the new Citigroup's consideration.

In our three decades of work in Jamaica – very challenging endeavors which are high in public purpose – only modest involvement has come from insurance companies and the investment banking community. GJDC enjoyed the services of a loaned executive from Metropolitan Life for a key project; the Merrill Lynch Foundation enabled start-up of an important industrial retention effort and Merrill Lynch has served for many years on our Board. But our experience suggests that the interests of the investment banking and insurance industries typically appears to be elsewhere, or only slightly related to urban economic or community development.

Thus, we are keen to know whether this acquisition will unleash the skills, know-how and resources of Travelers and of Solomon/Smith Barney on community development? And, if so, how?

- Will any of the products of the Travelers Group be tailored and focussed on community development objectives? For example, we would welcome the long-view of insurers in financing small real estate projects. And it would be very helpful for Jamaica's local economy if our community's small contractors were enabled to participate in the major construction projects underway in Jamaica through pre-qualification and special bonding methods.

- Will Salomon/Smith Barney devote its entrepreneurial know-how to places like Jamaica, bringing its professional skills to bear on community development? Many of our companies – perhaps most of them – are simply outside corporate America's "mainstream," often small and not well capitalized; many are minority and women-owned. But they are often energetic and with significant potential!

We would welcome a partnership with an investment bank to identify and nurture the special opportunities in Jamaica – opportunities being missed, we believe – to create markets there and the products to serve them. There should be ways and means to make these companies eligible for the capital markets!

For us, these are intriguing and proper questions for the new Citigroup given the special capacities it will have from combining commercial banking, insurance and investment banking.

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Dedicated to the future of Hartford.

June 24, 1998

Mr. William J. McDonough, President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001

Dear Mr. McDonough:

My name is Samuel C. Hamilton. I am the Executive Director of the Hartford Economic Development Corporation and the Greater Hartford Business Development Center, Inc. of Hartford, Connecticut. These companies provide technical assistance, loan packaging and subordinate debt financing for small and medium-sized businesses in Hartford and the surrounding region. Both organizations have provided loan assistance for business start-up and expansion projects located in low and moderate income neighborhoods. Since 1983, we've provided more than \$19.5 million in loan assistance, resulting in the creation of 833 new jobs and the retention of 1,674 additional positions. Since we are considered the lender of last resort, these much needed funds help to create jobs in companies that can provide goods and services - that ordinarily would not be accessible - to the residents of their community. Of the 450 clients we serve annually, more than 60% of our loans are given to minority and women-owned businesses.

The ability of the Economic Development Corporation and Business Development Center to provide services at no charge for more than 20 years is directly related to the support of outstanding corporate citizens like Travelers. In our early years, Travelers donated management and technical resources to our firm. Travelers also provided \$1 million to fund a loan pool targeted for women and minority owned business at a time when open access to capital for these groups was questionable. Travelers has consistently been represented on our Boards of Directors and has helped share our growth and contribution to the community.

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On January 1, 1997, Travelers converted its original low-interest loan of \$1 million to a grant. This generosity will enable our organization to continue to revolve this loan pool for a considerable period of time.

As you might expect, Travelers involvement in our community has not been limited to just the companies I represent. A \$100,000 grant in 1986 to the Connecticut Small Business Development Center, and funding for the Women's Business Enterprise Specialist program have enabled these organizations to flourish and become the Entrepreneurial Center at the Hartford College for Women. This program has become a national model for helping women entrepreneurs gain self sufficiency. The Center continues to be a collaborative effort between corporate, public and private entities. In 1997, the Travelers Foundation gave the Entrepreneurial Center a \$75,000 grant to help provide small-business loans for women.

Lastly, as Chairman of the Board of the United Way of the Capital Area, I have seen first hand Travelers' commitment to assuring that those with the greatest needs and the least resources are served by the United Way Agencies in our community. In the last four years alone Travelers' employees have contributed more than \$3 million through the Community Campaign. Add to that Travelers' corporate gifts and the four-year total jumps to more than \$4.2 million. Travelers' corporate involvement is consistently positive in most, if not all areas of concern in Hartford and the region.

It is for these reasons and others too numerous to mention in the time allotted, that I speak in favor of the combining of Citicorp and the Travelers. I am certain that the new entity will do even greater good than is being done in the communities they serve.

Respectfully submitted,



Samuel C. Hamilton
Executive Director

SCH/fp